

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

Youth Services & Sports – Allotment and usage of sports stadia, properties and other sports infrastructure for non-sporting events and commercial activities by the Sports Authority of Andhra Pradesh (SAAP), District Sports Authorities (DSAs) and Mandal Sports Authorities (MSAs) in the state – Not permitted – Orders - Issued.

YOUTH ADVANCEMENT, TOURISM & CULTURE (SPORTS) DEPARTMENT
G.O. Ms. No. 40 **Dated: 10.06.2010**
Read the following:-

1. G.O.Ms.No.18, YAT & C (Sports) Department, Dt: 21.04.2006.
2. G.O.Ms.No.2, YAT & C (Sports) Department, Dt: 12.03.2008.
3. G.O.Ms.No.9, YAT & C (Sports) Department, Dt: 20.02.2009.
4. From the VC & MD, SAAP, Lr. No. SAAP/4209/F/08, Dt: 06.05.2010.

ORDER:

In the references 1st to 3rd read above, orders have been issued by the government prescribing the procedure for allotment of sports stadia and other sports infrastructure by the Sports Authority of Andhra Pradesh (SAAP), District Sports Authorities (DSAs) and Mandal Sports Authorities (MSAs) through out the state for sporting and non-sporting events and activities duly collecting the maintenance and other charges.

2. In the reference 4th read above, it has been brought to the notice of the government by the Vice Chairman & Managing Director, Sports Authority of Andhra Pradesh (VC & MD, SAAP) that SAAP was exempted from the payment of income tax under Section 10 (23) of the IT Act, 1961 for the financial years 2000-01 and 2001-02 vide Notification No.290, Dt: 27.09.2002 of Government of India. Section 10 (23) was withdrawn by the Government of India from the financial year 2002-03 through the Finance Act, 2002 with effect from 01.04.2003. SAAP has filed an application on 25.03.2008 for registration as a charitable institution under Section 12 A of the IT Act, 1961 which has been rejected by the Income Tax Authorities on 26.09.2008 as SAAP is using its stadia and other infrastructure for purposes other than the main object for which SAAP has been created that is for promotion of only sporting activities. Notice under Section 142 and 148 of the IT Act has been issued to file the return of income from the year 2003-04 and based on assessment of the income, the Tax Authorities have levied an amount of Rs.86.70 Crores out of which 30 % should be paid before 15.07.2009 and the remaining in 10 equal monthly installments starting from 31.08.2009. SAAP has again filed an application under Section 10 (23 C) (iv) of the IT Act, 1961 on 18.03.2009 for the period from 2004-05 onwards to treat the income received by SAAP as a charitable institution which has been rejected by the Income Tax Authorities on 31.03.2010 on the ground that SAAP is using its stadia, other sports infrastructure and properties for non-sporting activities which is a commercial exploitation of its facilities for sporting and non-sporting activities. SAAP has appealed to the concerned authorities as a government institution to treat its income as a charitable institution and is making efforts to get the registration done under Section 12 A of the IT Act, 1961 and also avail exemptions under Section 10 (23 C) (iv) of the IT Act, 1961 as a charitable institution. The IT Authorities have already initiated penal action against SAAP. Therefore, he has further requested the government to amend the orders issued in the references 1st to 3rd read above immediately prohibiting the usage of stadia, other sports infrastructure and the properties by SAAP, DSAs, MSAs for non-sporting events and commercial activities.

3. Government in super session of the orders issued in the references 1st to 3rd read above and in exercise of the powers conferred under section 22 of the Sports Authorities of Andhra Pradesh Act, 1988 (Act No. 4 of 1988) hereby direct the VC&MD, SAAP, Chairpersons and Member Secretaries of DSAs, and Member Secretaries of MSAs not to allot the stadia, other sports infrastructure and the properties for any non-sporting events and commercial activities with immediate effect from the date of issue of this order. Sale of ticket for any sporting event also tantamounts to commercial exploitation of its facilities which is not permissible for getting necessary exemptions under the Income Tax Act, 1961 by SAAP. However, maintenance charges, electricity charges and water charges shall be levied for any event as prescribed by the government and deposited into the Government Head of Account by the concerned authorities.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

A.K. PARIDA

PRINCIPAL SECRETARY TO GOVERNMENT

To

The VC&MD, SAAP, Hyderabad / District Collectors & Chairpersons of DSAs/Member Secretaries of DSAs and MSAs in the state.

Copy to:

The Special Secretary to CM/ the PS to M (YS&S)/the PS to CS/AG (A&E), A.P.

//FORWARDED BY:: ORDER//

SECTION OFFICER